

Risk Management Progress Report

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Introduction

1. The purpose of this report is to provide an update on:
 - the key strategic risks facing the Council
 - the activities being undertaken to support the Council in developing a culture of being '*Creative & Aware of Risk*'¹.

Key Messages

Strategic risk register

2. Over the past few months, we have undertaken a complete refresh of the strategic risk register. In doing this, we have consulted with senior management together with the Corporate Risk & Safety Group for guidance and steer as to what our key strategic risks are for the Council.
3. We have also aligned the strategic risks to the new Commissioning strategies.
4. Our Strategic Risk Register now includes 11 risks – these are;
 - **Resilience (Business Continuity)** – Capacity & resilience to responding to, and recover from, wider area and prolonged emergencies and business disruption (e.g. coastal flooding / pandemic flu) impacting on public safety, continuity of critical functions and normal service delivery.
 - **Safeguarding** – Safeguarding Children
 - **Safeguarding** – Safeguarding Adults
 - **Market Supply Adult Care** – Adequacy of market supply to live within budget
 - **Budget – LCC** – Funding and maintaining financial resilience
 - **Governance** – Maintenance of effective governance arrangements including the way we implement transformational change and decisions affecting service delivery
 - **Commissioning** – Commissioning for Lincolnshire doesn't deliver the priorities and benefits
 - **Recruitment / Staffing** – Requirement to have the right people in the right place with the right skills at the right time a) Reshaping our workforce b) Capacity to deliver our core strategic objectives e.g. transformational change, recruitment & retention of specialist skills
 - **Strategic contracts** – Ensuring contracts are fit for purpose in the Commissioning Agenda
 - **Projects** – Monitoring of designated management projects
 - **Integration of Health & Social Care Services** – Maintaining a viable, safe & sustainable health infrastructure.
5. In reviewing the register, it has identified that the risk around Safeguarding Adults is shown as 'Limited' assurance. There are action plans in place to strengthen the assurance level on this risk.

¹ The Council wishes to be creative and open to considering all potential delivery options, with well measured risk taking whilst being aware of the impact of its key decisions.

6. There are a number of risks that require assurances to be fully explored and the level of risk the Council is prepared to accept to be determined. Over the next few months, we will be working with risk owners to firm up control actions and classify the current and target risk scores.

7. There are a number of risks that have either been removed or have been amended to reflect changes and these are shown within tables 1 & 2 within Appendix 1. There is also a new risk noted within table 3 within Appendix 1.

Operational (Tactical) risks

8 The Corporate Risk & Safety Steering Group on 30th April 2014, critiqued the results from the first ever complete set of Directorate Risk & Safety Dashboards.

9. The dashboard approach enables the Council to maintain an oversight of its Directorates risk and safety performance. It recognises that there is no single reliable measure of risk and safety performance, opting instead to use a 'basket' of measures to provide information on a range of key risk and safety activities which can be tracked over time to assess overall performance.

10. The 'Risk' element of each dashboard focuses purely on what are considered to be the - biggest (tactical) risks for the 'Directorates'. It also acts as an early warning mechanism for any emerging big risks requiring escalation to the Strategic Risk Register.

11. A summary of each Directorates 'Top 5' risks can be seen in *Appendix 2*, from which the following key messages can be drawn:

- Almost all areas have identified having a tactical risk around 'people', e.g. inability to retain/recruit skilled & motivated staff, a risk which is echoed within the Strategic Risk Register;
- Almost all areas have identified having a tactical risk around 'budget and lack of future finances to deliver services', a risk which is echoed within the Strategic Risk Register;
- There are no tactical risks requiring escalation to the Strategic Risk Register or CMB at the present time.
- There are no risks with 'No Assurance' from a management perspective.

Risk Management – Internal Audit Report

12. A draft internal audit report has given 'substantial assurance' over the effectiveness of our strategic and operational risk management arrangements. Areas where opportunities for improvement have been identified and 'limited' assurance has been given are around the level (consistency / transparency) of information held about risks for key decisions, key projects and the level of risk the Council is prepared to accept on it's different business units. The detailed report etc will be included within the next internal progress report.

Our Strategic Risks

7. Key areas/risks to note are as follows:

Risk 1: Capacity and resilience responding to, and recover from, wider area and prolonged emergencies and business disruption (e.g. coastal flooding / pandemic flu) impacting on public safety, continuity of critical functions, and normal service delivery

Further analysis of how this risk is being managed is being undertaken with the expected level of risk & current risk exposure is being determined.

Risk 2: Safeguarding Children

The level of assurance over this risk remains at 'substantial' with the direction of travel of 'static'.

The Council is likely to have an Ofsted inspection which will –provide further assurance over this risk.

Risk 3: Safeguarding Adults

A peer review over the effectiveness of our Adult Safeguarding arrangements was completed in November 2013. This highlighted a number of areas of improvement. The level of assurance has therefore moved from 'substantial' to 'limit' until these improvement actions have been implemented. An Internal Audit is also being undertaken in 2014/15 which will provide independent assurance on Adult Safeguarding.

Risk 5: Funding and maintaining financial resilience

There have been no changes to the scoring of the risk or the level of assurance of 'substantial' - direction of travel of 'static'.

However, there are a number of things ongoing to manage this risk and respond to the continuing financial challenges being faced by the Council – eg fundamental budget review (FBR).

Risk 6: Maintenance of effective governance arrangements

Good governance underpins everything we do as a Council and how we deliver services often comes under close scrutiny.

Maintaining good governance in complex environments and in times of significant change can sometimes become difficult. Our governance and assurance arrangements will need adapting to respond to the changing organisational environment:

Risk 7: Commissioning for Lincolnshire doesn't deliver the priorities and benefits

Further work required to understand the risks and assurances against each of the 17 commissioning strategies. It is too early in the process given that the

development of the commissioning strategies and fundamental budget review are currently in progress.

- Risk 8: Requirement to have the right people in the right place with the right skills at the right time**
a) Reshaping our workforce
b) Capacity to deliver our core strategic objectives e.g. transformational change, recruitment & retention of specialist skills

This risk has derived from the previous wording of 'Requirement to have an agile, skilled and motivated workforce'.

We confirm that the 'b' part of this risk is the currently showing the highest risk for the Council, however, there is a lot of work in progress to mitigate this risk and we are confident that over time, the target score will be reached to a more acceptable level.

- Risk 9: Ensuring contracts are fit for purpose in the Commissioning Agenda**

Further work is required to identify key contracts and obtain appropriate assurances around governance, performance & delivery e.g. FDSS, Highways Alliance, Property, CfBT

- Risk 10 Monitoring of designated management projects**

This risk replaces the previous wording of 'Infrastructure is required to support delivery of our services & economic growth in Lincolnshire'.

It is recognised that previously, we were monitoring a number of specific projects, however it has been agreed that we should be expanding the list and monitoring via a projects register and escalated if required. We will be monitoring key specific projects and reporting any significant issues to the Audit Committee by exception.

- Risk 11: Integration of Health & Social Care Services**

This is a key programme where is the risk register??

We are currently working with the programme office to ensure that there is alignment to the wording of the mitigating actions currently noted on the strategic risk register.

Due to the involvement of many key stakeholders, we are also in the process of identifying who these are and working with them to score this risk on the matrix as it is not up to any one party but a collection of stakeholders who own this risk.

6. Horizon scanning / areas to watch:

- Risk 4: Adequacy of market supply to meet eligible needs for adults**

During the update of the strategic risk register, there was consideration as to whether this should be included within the new risk of Integration of Health and Social Care risk. However, it has been agreed that this is a risk in its own right due to the nature and legal obligations.

Currently, there are no changes to the direction of travel as 'Improving' or the assurance status as 'Substantial', however it is noted that over the coming months, they are renegotiating charges which may have an effect on the risk and this is one to watch.

Progress against 2014/2015 priorities

7. Our priorities for the year ahead (2014/15) continue to be as follows:

- Continue to track and monitor progress of how the council's strategic risks are being managed
- Maintenance of the Strategic Risk Register Assurance Map
- Continue to provide 6 monthly progress reports to the Audit Committee (or by exception where necessary)
- Finish developing and launch a range of action based learning activities for staff and elected members to engage with and assist the council in developing a culture of being "*creative & aware of risk*".
- Continue to monitor the Directorate Risk & Safety Groups top 'tactical' risks.

APPENDIX 1 – Amendments to risks

Table 1

Removal of risks	Reason for removal of risks
- Judicial Challenge on the way we implement transformational change and decisions affecting service delivery	- Removal of individual risk and included within Governance risk. This is due to this being an impact and output from other risks and not a risk in its own right.
- Protect and manage the reputation of the Council	- Removal of risk is due to this being a consequence of all the remaining risks on the Strategic risk register, rather than a risk in its own right.
- Integration of Public Health responsibilities, staff and budget	- Removal due to the transfer of staff from Public Health to the Council with effect from 1 st April 2013, therefore the risk is no longer applicable.
- Adult Care not able to live within budget.	- Removal due to the fact that Adult Care have balanced the budget for the last couple of years and this risk is encompassed within the existing budget risk.
- Work with other organisations to deliver our contribution to Lincolnshire's Vision	- Removal due to a new risk around Commissioning

Table 2

Current risks	Amended wording to risks	Reason for amendment
- Delivery of our responsibilities as a local lead flood authority	- Capacity and resilience to responding to, and recover from, wider area and prolonged emergencies and business disruption (e.g. coastal flooding / pandemic flu) impacting on public safety, continuity of critical functions, and normal service delivery	- We are currently doing everything we can with respect to our duties as a local lead flood authority, however, it has been recognised that the risk lies with the ability to respond to emergencies especially in the current climate of further reductions in senior management / staffing.
- Delivery of the Council's priorities that	- Commissioning for Lincolnshire doesn't	- This risk has moved away from aligning to

have been determined by full council	deliver the priorities and benefits	Council priorities and the risk has been amended towards Commissioning and the delivery of that.
- Requirement to have an agile, skilled and motivated workforce	- Requirement to have the right people in the right place with the right skills at the right time a) Reshaping our workforce b) Capacity to deliver our core strategic objectives e.g. transformational change, recruitment & retention of specialist skills	- This risk has been split in to two parts. This is due to the nature of the risk and <u>agile</u> and <u>motivated</u> having different dependences.
- Infrastructure is required to support delivery of our services & economic growth in Lincolnshire	- Monitoring of designated management projects	- This risk is around the key projects that face the Council. We will be monitoring these via a project register.
- Delivery of Strategic Contracts	- Ensuring contracts are fit for purpose in the Commissioning Agenda	- This risk is around all key contracts and ensuring that they are fit for purpose and align with the Commissioning agenda.

In addition to the removal and amendment of risks, there is one risk that has been added as new. This is shown in table 3 as below;

Table 3

New risks	Reason for addition on to Strategic risk register
- Maintaining a viable, safe & sustainable health infrastructure	- This is a key risk to the council and involves inability to recruit professional staff to Health & Social Care together with the inability to remain within budget.

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APPENDIX 2 - Directorate Top 5 Risks – as at 5th June 2014

Adult Social Care			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Transformation agenda (Health integration - LSSR)	Substantial	No
2	Retention / Morale of staff and maintaining skills to deliver services	Limited	No
3	Budget	Substantial	No
4	Adequacy of market supply and ability to manage demand for services to meet eligible needs of adults	Limited	No
5	Market management supplies (delivery of services with appropriate staff at an affordable rate)	Limited	No
6	Safeguarding of adults	Limited	No

Childrens			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Safeguarding of children	Substantial	No
2	Staff safety	Substantial	No
3	High risk activities - ensuring we are robust in 'non licensed' adventurous activities such as abseiling	Limited	No
4	Building based management	Substantial	No
5	Documentation: Management & Storage	Substantial	No

Communities			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Effective governance of major projects	Substantial	No
2	Ability to recruit and retain suitably qualified and experienced staff	Limited	No
3	Significant budget reductions in light of whole service review leading to failing of critical services	Substantial	No
4	Staff resilience and business continuity in light of a significant emergency	Limited	No

Public Health			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Contract Management	Limited	No
2	Political - working and decision making in a political organisation	Limited	No
3	Finance - certainty of funding, mgnt of spend, ensuring VFM	Substantial	No
4	Access to and storage/holding of information - sharing with other parties, data protection	Limited	No

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5	Property review impacting on effective and efficient service delivery	Limited	No
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5	Lack of performance mgnt framework	Substantial	No
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Resources & Community Safety			
No.	RISK	Level of Mgnt Assurance	Escalation Req'd?
1	Inability to recruit & retain skilled staff	Limited	No
2	Insufficient budget to deliver acceptable level of service	Substantial	No
3	Safety of children and adults in and out of county (assessed from a local service perspective)	Substantial	No
4	Compliance with statutory legislation within various services	Substantial	No
5	Reputational risk around relationships with external clients	Limited	No

